

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(Called by the Mayor)**

January 8, 2002

7:00 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman DeVries.

A moment of silent prayer was observed.

The Clerk called the roll. There were fourteen Aldermen present.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil,
Lopez, Shea, DeVries, Garrity, Smith, Thibault, Forest

Mayor Baines advised that the purpose of the special meeting is a presentation by the Destination Manchester Coordinator, Economic Development Director, representatives of the Manchester Development Corporation and developers with respect to a Downtown Residential Development Project proposed for the vacant lot located at the corner of Bridge and Elm Streets.

Alderman Thibault stated at this time I would like to reiterate that Alderman Sysyn and myself sit on the MDC Board and we have seen a small presentation of this and we are certainly in favor of this and seeing a piece of land in the City of Manchester that has been vacant for the past 10 or 12 years and these people are coming in with a proposal that I think this Board should look at very carefully. I think it is something that is substantial to the City and I would appreciate it if this Board would take the time to look at it carefully.

Alderman Sysyn stated my sentiments are the same.

Mr. William Jabjiniak stated I think everybody knows Jay and I and Rick Fradette is Chairman of the MDC's Bridge and Elm Street Committee. Over the last 16 months or so we have heard from various businesses like Autodesk and Riverstone Insurance about the lack of quality housing in the downtown. Employees want to live and work in the downtown and not be so reliant on their vehicles. I guess tonight I am very happy to tell you that this is the first step in addressing some of those issues. The agenda is simply I am going to give a

quick history. Jay has a few significant points to make. Rick is going to review the letter of recommendation and the Letter of Intent from MDC. The development team then has a presentation and Rick will introduce the team. After the presentation, the entire group will be available for questions. As most of you know MDC is the City's non-profit development arm. It was formerly known as the Greater Manchester Development Corporation who acquired this parcel in 1993. They have been marketing the parcel since that time and it should be noted now that there is broker involvement in this development. Bob Bennett from Bennet Real Estate Brokerage has a non-exclusive agency agreement with MDC. He is responsible for bringing Silvestri Corporation to the table tonight. There has been interest in the past. Back in September of 1999 some of you might remember the Grossman's Company who had an option to develop an office building. More recently you have heard of hotel interest from a couple of different developers. One has converted his now to a residential development and you will hear also about hotel financing and how difficult it is after September 11. There are some reported covenants on the site and that indicates office, hospitality, retail and market residential or any combination thereof as the preferred use of the site. The MDC and the previous Board of Mayor and Aldermen has approved that during the Grossman discussions. I guess some people might ask why market residential and why not wait for a hotel or office building. I guess I want to point to two things. In August we were able to review a survey that NH Housing and Finance did. That survey indicated the City's vacancy rate at that time was ½ of 1%. The second thing is the growth of the downtown. The growth of the downtown will certainly benefit from a lot of discretionary spending. The developers projected somewhere between \$6 and \$8 million annually just in spending on our main thoroughfare. In addition to these two issues and the tax base, it certainly gives considerable food for thought. Jay, I would ask that you now address your salient points.

Mr. Jay Taylor stated I will try to be brief because I want to make sure you get a chance to get all of your questions answered. I assume you will have a number of them after the presentation is completed but there are a couple of key issues that I would like you to keep in mind as you hear the presentation tonight. This is an important first step in what I think is going to be a relatively lengthy process. We have a long ways to go here but this is the initial step and it is important to get off on the right foot. First of all you should know that the City staff, the MDC Board, and the MDC Bridge and Elm Committee and the development team have spent a considerable amount of time on this project even as we sit here tonight and again I want to emphasize that this is the very early stages of this but we have spent a significant amount of time on the project already. Speaking for myself, I would not be here speaking in favor of this project if I didn't think that the project had merit and that we should at least go the next step and investigate fully the merits of this project. The Letter of Intent, which we are going to be explaining shortly and which we are asking you to take action on tonight is simply the vehicle that allows the developer comfort in moving forward with their investigation of the project and site to make sure that they have control of the site for a 90 day period so that when they spend the significant money that they are going to have to

spend they have some comfort that somebody can't come in and pull the rug out from under them so this is really a first step. It obligates neither the City nor the developer to do anything other than proceed with an investigatory process. Subsequently, a purchase and sale agreement will be negotiated between the development entity and the MDC and I want to emphasize here that prior to that agreement being signed it has to be approved by both the MDC Board and it has to come back to this Board so you will see this project again before it gets to final approval. Finally, I want to emphasize that if any members of the Board tonight have issues about this proposed development we hope you will get them on the table tonight. It is very important that the developers hear your concerns if you have them. I don't think it is fair for them or the City staff or the MDC to incur further time and expense if there are major concerns up front that are not expressed. Please, if you have concerns, I hope you will feel free to ask questions and get the answers. That is why these people are here. Thank you.

Mr. Rick Fradette stated it is nice to be here this evening on behalf of the MDC. Just by way of a brief introduction, the Chairman of the MDC is Ray Pinard and he is here in the audience this evening. There are two members that you have already said hello to and that is Aldermen Thibault and Sysyn. There are also other members in the audience – Dick Charpentier and Skip Ashooh. The members of the Bridge and Elm Street Committee are Alderman Sysyn, Bill Sirak, Rick Loeffler and myself. The Bridge and Elm Street Committee has the duty to make sure that this site is properly maintained and kept safe and also developed with the vision that has essentially been given to us by the MDC and that is that is be a signature structure or a signature type of development. The City could have easily disposed of this property to build another pharmacy for instance or something along those lines. That would have been easy and certainly not the highest and best use of the site so it has been our charge and our duty to make sure that an appropriate development comes to the site. We worked a lot with Jay and Bill. They have been critical to our committee's efforts and we have been very diligent in making sure that the Committee members and the full MDC are kept apprised of developments as they occur. What you are going to see tonight really began in the early fall of 2001 and if you recall we were originally looking at this site as a place where we might put another hotel with maybe some office space and a conference center and certainly some retail. So, there has been a change from that to the residential use that is being proposed this evening. This particular team has put a lot of time and effort based on what I have seen on just the conceptual that you are going to be seeing tonight. The Letter of Intent, and I understand that you have all received a copy of...the developer produced that fax sheet that you all received and then there is the cover letter from Chairman Pinard. Chairman Pinard's cover letter I pretty much wrote and it really contains the point in the Letter of Intent that we wanted to emphasize from your perspective and that is essentially that the Letter of Intent has been reviewed by MDC council. It is really a period of exclusivity, 90 days. That affords this development team the opportunity to invest an additional sum of money, effort and expertise in determining whether or not this development has legs. At the end of that 90 days, if they determine that they can't build out

what they envision then we are all the better for it because their work product will become ours and that may be very valuable. In fact, we estimate the value of that to be between \$100,000 and \$125,000 worth of work product. It is valuable to us. The downside from the MDC's perspective...we don't see any significant downside. You folks will be going very intensely into your budget season in June and we hope to get this resolved by May 1. You will notice in the Letter of Intent that May 1 is the date by which a purchase and sale agreement has to be arrived at or a purchase price arrived at certainly if not a full purchase and sale agreement. We expect that if we are not able to make some meaningful progress by that date then we would be looking to market the property again. The question might come up why isn't there an actual dollar value. In anticipate of that question just know that I am an attorney by profession and normally in representing a client you try to look out for their best interest and in this case it made sense at the Letter of Intent stage not to have a fixed number. There are a lot of components that go into why the City may arrive at a specific purchase price. You can be assured that before a purchase and sale agreement gets signed, a price will be arrived at that is mutually agreeable. Lastly, the point that Jay made is before anything irreversible happens or anything that we are going to be bound to happens it is going to get back before this Board of Mayor and Aldermen to determine the devil in the detail so to speak so you will have another look at it. I grew up in Manchester and went to school here and this City is home to me and when this team presented this particular proposal I got excited because it meant residential in Manchester and then what they said to us was they view and Drew Company is from Boston and there is also Silvestri who is more local but they said something along the lines that they view themselves as coming in at this site at the ground level and I kind of find that exciting as well. It would be nice to see something happen of this magnitude. We are talking about something very substantial and suitable for that site. We will be here, I will be here certainly and then other MDC members will be here if there are any questions that we can help to answer. It is now my pleasure to introduce Drew Companies who is presented by Brian Dacey. Brian will then introduce the rest of his team members.

Mr. Brian Dacey stated we are very excited to be here and we are looking forward to presenting this to you tonight. We think that Manchester is a city on the move and that is something that has become very clear to us as we have done our initial work here. We are very hopeful that we will be able to come back in 90 days and conclude on another presentation where we are ready to move forward to the next step. As Jay said, this is really just the beginning. We have 90 days of some preliminary work to do and during that time we hope that we will make a lot of progress and as I said be back here. I am from the Drew Company. We are a Boston-based firm that has developed properties primarily in the Boston area, as well as a major project that we have in Washington. We won't belabor a lot of these points. We know that we have given you a lot of this information so we are going to try to whip through our presentation here and we know some of you have seen this and will be happy to answer questions. Let me just briefly introduce the other members of the development team. Greg Winter.

Mr. Greg Winter stated it is a pleasure to be with you. As Brian said, we have been working very diligently for close to nine months on this project. My background is I spent 15 years in the real estate operations with Prudential Financial and managed the redevelopment of Prudential Center, which is a 32-acre site in downtown Boston that was master planned to be built out over 20 years with a \$750 million master plan. Let me introduce Christian Silvestri.

Mr. Christian Silvestri stated I am with Silvestri Development. We are one of the oldest and largest development and construction companies in New Hampshire currently doing substantial projects in Manchester.

Mr. Dacey stated as you know we are proposing a residential project and these are some of the major points as to why we looked at residential. We think the market continues to be relatively strong here in Manchester. The downtown workforce has grown in recent years with a lot of the development that you are all quite familiar with. Not unimportantly at this point is that residential projects in the Northeast are projects that could be financed in a climate where it is difficult to get other kinds of development finances. As Bill mentioned earlier, hotels and office buildings these days are not easy projects to get financed. We think that all of the ingredients are here for a substantial residential project here in Manchester. What we would like to do is walk you through the plan and to do that what I would like to do is introduce Neil Middleton. Neil is a principal with Jung Brannon, which is an architectural firm with regional, national and international experience. Neil will take us through the plan and we will go over some other points after Neil is finished and then we will be happy to answer your questions. With that, let me introduce Neil.

Mr. Neil Middleton stated I will probably repeat some of this data once we get to the plan but the general characteristics of the project that we are proposing is a two-phased project with two residential towers totaling 311 units of housing. The first tower is on Elm Street and that would be a 20-story tower. The second tower is down along Kidder Street and it will be a 19-story tower. There is also, as part of the second phase...the first phase would park on the surface on the remaining lot and once the second phase went into construction a parking garage would be constructed. We studied the maximum density of a parking garage to see what the maximum number of cars we could get on the site would be. It would be a large garage – seven stories tall with one of those stories being below grade and six stories above grade for a total potential parking capacity of 622 cars. One of the things we are studying is what the real parking requirements for housing on this site would be and part of our due diligence is a market study and that market study will probe very deeply into what parking expectations people have. We actually have a great deal of experience with this and are finding that it is around 1.2 to 1.5 typically and it varies depending on the market with housing. Each of these structures is to be freestanding. They are not interlinked to each other but adjacent to each other and that is a very serious cost consideration. They have to be separated without getting into very expensive fire control and code issues. Approximately

10,000 square feet of retail will be in the project and all of this will be located in the Phase I building along the ground level, the sidewalk level, of Elm Street so that the entire sidewalk frontage on Elm Street of that building would be retail. The total available area is 10,000 square feet. In coming to Manchester, it is a wonderful thing for me to come and get involved in downtown because I have been coming through New Hampshire ever since I was a teenager. I went to school in central New Hampshire and have spent a great deal of time here and love the state. Manchester has always been a curious City to me. The river is a wonderful thing and the Mill revitalization was also rather stunning to witness driving through. I know a lot of you have worked very hard for that. The other thing that we have seen is that Manchester is on the move and it seems like the civic center and the success of that...my sons have already been here for a concert, and things like the Verizon building which I think is New Hampshire's tallest building at this point in time and seeing that go up is a major piece of growth in the City. Also, in looking further down to your earlier high rise buildings like the Hampshire Plaza, in looking at Elm Street, your Main Street America, you have a high rise line that has sort of started to form in the City. With your airport now starting to revitalize the area and businesses coming into town there is a lot of vitality going on and we sense that it is a lot like Portland was 20 years ago or like Providence was 15 years ago and is still on the move now even with all of the reinvestment in the downtown that they have. We have a high rise tower that we are in documents on for downtown Providence that is very similar in size to these projects that we are proposing here. In trying to understand your urban fabric and your town and see the grace and scale of the older buildings, the brick buildings, the Colonial architecture integrating in with these more contemporary buildings and looking at the rhythm and pacing between those tall buildings and the older buildings you really have a remarkable City and preserving that character of alternating large and small and allowing smaller buildings to stay in place and not just take them down, which I know the development arm here is working carefully to do and to revitalize some buildings as is happening on Elm Street is very exciting. When we come in and we look at that we want to be careful to fit in with that and to find an appropriate set of uses in our structure and to layout the site in a way that reinforces that character. That is what we hope we have done here. This is the site. Across here is Bridge Street and Elm Street is right here. This is Kidder Street and Amoskeag Place is here. There is a beautiful four story Mill building here that is very elegant. In looking at the site, the first thing we started to study was the traffic patterns and knowing that Bridge Street is a State road we immediately knew that we didn't want to have any curb cuts on Bridge Street. In looking at Elm Street and the length of the property, 198 feet or so along Elm Street, there really wouldn't be an opportunity to have a curb cut there. One must recognize that this is a major intersection. In looking at towns, Granite Street to Bridge Street really defines the core of downtown. At one end you have the civic center and at the other end we have this available site that we are moving forward on. In trying to understand the corner and understand the character, we felt that it was important to locate parking uses along Bridge Street to buffer the Kidder Street area from our parking rather than to build parking on Kidder Street, which is a very fine scale residential street. We felt it would be better to put parking up against

Bridge Street to buffer any other developments from that noise and that traffic. That is what we have done. Here is the parking garage. The Phase I building we are proposing occupies the full length of Elm Street from Bridge to Kidder and it has a low six-story component that is on the southerly part of that building with a roof deck on top and we have eased the corner of the building to allow for a better line of site on the turning lane going on to Bridge Street and also to try and strengthen the character of this as a major intersection and corner in the City. The entrance to our housing is down off of Kidder Street and we enter into a courtyard with a turn around in it and a landscaped island. Our intent is to try and bring some of the character of a green space between units into this area although we have a certain amount of frontage of road that will be there, we will plan to heavily landscape this area to create an entry courtyard. The entrances to the residential courtyards, each phase, this is Phase II and this is Phase I, are down here at that level and that is one full level, 14' or 15' below Elm Street. The site slopes quite radically at the outset and the change between the low end of the site, which is at an elevation of 198 feet and Elm Street, which is at I think 215 feet. There is quite a grade change there that we will be utilizing. The residential aspect of the site becomes more private and discreet in its character and is not on Elm Street, therefore, allowing all of the frontage on Elm Street here and this larger footprint here under the six-story building to be retail use. The high rise component, which is 20 stories high with a central core and similarly over here there is a core at the end. The dimensions of the site are such that we can have a fire lane right here between the first phase building and the parking garage. Now that is 30 feet and that is an important public safety feature. The space between the second phase tower and the garage, there is not an available amount of room to have more than 25 feet to get the appropriate dimensions. The notion of siting a high rise building here we feel is a very appropriate anchor because this is the commercial zone of town moving south and the north end moves in two or three blocks, very quickly, to a residential community. It is very appropriate to have this be a residential feature and to have a residential project on site. It is within tremendous proximity to dining and to the use of retail and we think that will supplement and strengthen your desire to bring retail back downtown onto Elm Street with a little more force. This drawing on the top is an elevation of the project and it is looking from Kidder Street at the site at Kidder Street elevations. This drawing on the bottom is a section, which is like taking a knife through the middle of the building and then peeling away the building that you have cut off and looking through the middle of the building. What we have is a parking garage here that goes up six stories above grade and then we have the first phase in here, which is 20 stories high. Now some of you might think that 20 stories high is as big as the Verizon building but there is a wonderful distinction with residential floor plates. The typical height of a floor to floor height for residential is 9' 6" or 10' and in a commercial building because of all of the mechanical systems that have to go into the ceilings, you are looking at a 12' 8" floor to floor. In the same 20 floors you will find that the Verizon building is 55 to 60 feet taller than a residential building. This building is 20 stories high and that is 220 feet above Elm Street with 14 feet into the ground if one comes down into the lobby and into the housing. The Kidder Street Phase II tower is 19 stories high. Now to get an idea of the height, if you look at Wall Street

Tower, it is about the same height as our building at the top of the slope penthouse and the same height as the buildings that we are proposing. The height of the second building is 200 feet above the mid point of the block on Kidder Street. There will be 161 units of housing in this building and 150 units of housing in this building and until we get our market study we will not know what the split is right now. What we have drawn is 50/50 one bedroom, two bedroom units. I think that is about it. We have not done the final design yet and will be coming back to you on that but it is very important to me as the lead designer when we go to different cities to understand the character of that City and to reach into the material history and the material palate of that City so that when we are done here we have a modern housing project but that it is reflective of the traditions and the history and the material of Manchester so that when we are done we can come and say we have given you a Manchester building. To help us with that we are going to be associating with Berard Martel Architects in Bedford. We have talked with them and they are very similar. They are considerably smaller than we are but they have a similar practice and we share a lot of values together so they will be associating with us to help us with this project and to get a finer grain sensitivity to Manchester. Thank you.

Mr. Dacey stated there are a few more slides we want to go through here and then we will be happy to answer any of your questions. Christian, you wanted to make a few comments on this one I believe.

Mr. Silvestri stated I would like to start off by saying that we have great respect for all of the people who have made Manchester what it is today. With the growth of the Airport and the civic center we are very excited with this project. As you can see with the impact that this project will create, it will create an expanded downtown residential community and provide additional nighttime population for the Central Business District. What we see right now is between a 10 and 12 hour time period in downtown. What we want to do is make this a 24-hour downtown. As you can see with the bullets that we have here, one of the biggest things that we see in talking with a lot of the national retailers is demographics. What we are looking to do with this project is to increase the demographics of downtown Manchester, add to what is existing and to help fuel the existing restaurants and existing businesses. What we would like to do here is to create a live, work and play environment for downtown.

Mr. Winter stated this slide lists some of the key benefits that we expect from the project. Under the assumption of 311 housing units if you take an average household income and multiply that by a reasonable portion of that income that would be spent in the City of Manchester we would expect conservatively between \$6 to \$8 million of our resident discretionary income to be spent in the City itself. There will obviously be a significant increase in the total available block of housing in the immediate downtown area. The public parking...whatever parking is built on the site a portion of it during the day will be available for the public and one of the issues we are working on with the City is just what the total needs are on this site. In terms of construction jobs and permanent jobs, housing typically is

not a big permanent job generator but in terms of construction jobs it is relatively comparable to an office retail or hotel. That is important in any project of this magnitude. Obviously there is going to be a significant increase...this site today as I understand it has been vacant for close to 10 years. It has an assessment that is very modest and it pays no taxes nor has it paid taxes for over 10 years. There will be a significant increase in the City's tax base based on this development. As well, Neil gave us a very articulate description of the project. The entire perimeter of the site would be improved...the sidewalks today are falling and we would be expanding those widths and the finishes would be throughout the whole perimeter improved dramatically. That is a summary of the key benefits.

Mr. Dacey stated as you have heard several times now we are still at a pretty early stage. We have come up with a concept we think that works. We think there are a number of challenges before us in the next 90 days as well as after that to get this project completed. We very much see this as a partnership between MDC and the City and ourselves. We have a number of issues to sort out and some of them are listed here. The parking garage and exactly how we do that, when we do that, how large it is...a whole series of issues has to be dealt with. How much public parking is there and of course how that is financed. We have talked with the City about exploring a range of public financing programs from State, Federal and local programs to insure the viability of this as we move along. This will be a pioneering project that will be a challenge to finance because we will be convincing people that it is the right time to have this kind of project here in Manchester after 20 years without a high rise project being built downtown. We believe that we can be successful with that but we are also going to need all the help we can get to accomplish that. The last couple of points are there are actions that will be required by the Zoning Board as well as the Planning Board and those are discussions we are starting to have now and anticipate more of those discussions in the weeks and months ahead. The last slide here and then I will turn it over to Bill just really highlights why we are here this evening. We are looking for the approval of the Letter of Intent so that we can move forward and once again reminding all of us that to move forward we have to come back here in another 90 days or so with a lot more detail to present to you. With that I will hand it back to Bill and between us we can answer whatever questions you may have.

Mr. Jabjiniak stated the only other thing I wanted to add is when you consider your vote tonight...there is another opportunity if we do decide to participate in financing. There will be another opportunity for this Board to obviously consider that option. There might be a few times, not just the purchase and sale. I guess we are ready for questions.

Mayor Baines stated before we entertain questions, I just want to make a couple of brief statements about this project and my personal involvement in it. I think I first entered into conversations with Christian about a year ago. We started exploring options and opportunities for his participation in some of these exciting things that are going on here in Manchester. As you know, we have had an ongoing initiative related to creating more

housing in the downtown area. In our conversations with retailers and we have had them recently and will continue to have them...in fact we have one later on this week, we continually here about our need to create a mass of people in the downtown and that it becomes a City where there is a lot of activity not just during business hours but after business hours on Saturday and Sunday. Just to reiterate, about two weeks ago we met with a retailer who came and spent some time on Sunday and Sunday is not a time when there is a lot of activity downtown and this particular retailer was talking to us about moving out of a mall and there is some apprehension in doing so. We realized that we are in a Catch 22 if you will in terms of getting more retailers downtown. Housing is one way that we are going to be able to do that when we become a seven day City and a City with a life after hours and we are seeing that a lot during the week and obviously on Fridays and Saturdays as well. The other thing that I consistently here...I go out and visit businesses on a weekly basis and Bill alluded to the fact that when we talk to some of the newer businesses in Manchester attracting new people to our community a lot of them are younger people and they are looking for opportunities to live downtown so they are not strapped to their automobile. They want to be in an environment where they can walk to work or participate in the community and frequent the restaurants and the shops, etc. and attend the theatre and of course now attend the Verizon Wireless Arena. What we have before you this evening is the result of a lot of effort and a lot of people coming together. We realize that there are a lot of challenges involved in moving forward but there is certainly more opportunities than challenges and I believe if we roll up our sleeves and work very hard and answer the questions, the hard questions that need to be answered we may finally have a project that makes sense for our community and really will represent a significant investment in the future of our community, not only just for downtown but for the City as a whole. Having made those comments I would like to now open it up to members of the Board for questions.

Alderman Lopez stated one of the things that came up in the presentation was financing is not in hotel or office buildings but more into housing. How does that affect the Courthouse Square project?

Mr. Jabjiniak replied I believe Courthouse Square is going to stand on its own two feet. They are in the process of investigating a lot of different issues with that property. GSA is probably one of the biggest issues and they will be out looking for financing at the same time. The market does create some problems for financing hotels and/or office buildings at this time.

Alderman Lopez stated you don't have to answer this question but at some time you have to make a decision between one or the other. There are a couple of other things I would like to bring to your attention...

Mayor Baines interjected could you explain why you feel it is a decision between one or the other.

Alderman Lopez replied because I think at the present time listening to the people they don't have all of the facts and figures as well as Courthouse Square doesn't have all of the facts and figures.

Mayor Baines responded I don't believe that it will come down to a choice. I believe they are both very viable proposals that can stand on their own.

Alderman Lopez stated the point that I wanted to make then is Courthouse Square wants this Board to build a 615 space parking garage at \$7.2 million and they want to lease back 350 of those spaces at the going rate, which is \$56 and it is going to cost a heck of a lot of money to build those parking garages. We won't get our money back on those 350 spaces for example for 16 years. That is \$3.5 million back not counting the interest that we paid on it. I will save that for another time. The same thing with the Wall Street Towers that we are losing money on. We are paying money excessively beyond the \$56 for Wall Street Towers. My point being is that I think this is a great development for downtown. I support the Letter of Intent. I think we have to look at the parking issue, which is a major thing for this Alderman anyway. I surely don't believe that we should be in the parking business anymore. We are losing money. It is costing us approximately \$600,000 to \$700,000 a year just for maintenance of these garages. I think that is a major issue that the developers had, that they would build a parking garage and have all of the figures tonight. I am sure...I know that this Alderman would approve it. There is one statement here that was made that I wonder if you could give me a little more information on. Parking garage up to 622 spaces subject to City needs. Can you explain what subject to City needs means?

Mr. Dacey replied what we did when we developed the original plan was look at what was the maximum amount of parking that could be on the site. We had been introduced to the site when the City went out looking for a proposal for a parking garage so our understanding coming in was the City was looking and MDC was looking for more parking. We looked at what was the maximum that you could reasonably put on the site with these two buildings and it was over 600 spaces. Our belief is what the market will require in terms of spaces is about 1.2 to 1.5 per unit, which would work out to more like 375 spaces. In this basket of issues we have to talk about in the future, this parking requirement and what may or may not be the needs of the City were to be discussed so all we are really showing is what the maximum potential is and then we have to get into what the market demands, what the City may or may not want and then we can settle in on what that final number should be.

Alderman Lopez stated my final comment is this. As I said privately at a couple of meetings, the City did take a great risk when we built the civic center. I want the Aldermen to know that for a fact. I would hope that the statements that have been made for the past decade were Manchester has to invest in itself and we did invest in ourselves and that all

developers and all of the financial people can really come together and solve the problem on the parking situation.

Alderman Thibault stated I know on the Elm Street building for instance that you have included some retail space. I am just wondering on the Kidder Street building are you also anticipating some retail space on the bottom level of that?

Mr. Dacey replied no we are not.

Alderman Thibault asked is that strictly all apartments.

Mr. Dacey answered right because our belief is there just won't be the pedestrian traffic to really fill retail space down on that site.

Alderman Shea stated I have some questions or comments that I would like to ask. Any City that is viable has to have retail types of shops and so forth. Are these shops going to be shops that will duplicate different retailers that are at the mall? Are they retailers that will be attractive to people who would tend to want to come downtown plus those that are living there? Could you kind of elaborate as to what your thoughts are on that?

Mr. Dacey replied sure. We need to look at what the retail mix should be and an important consideration is the people living there and what is appropriate for them and what is a service to them, which could be a drycleaners, a travel agency or some type of service oriented retail. We can envision a restaurant potentially in the space although it would have to be a quieter rather than a noisier restaurant and probably a higher end restaurant. As part of the marketing study we are doing, we will be surveying retailers and working with Bill and the Mayor as to who has come into the City looking for retail space and try to get the right mix that works for the sidewalk, for the City and for the residents of the towers. I think and as Christian pointed out, by bringing more people into downtown the hope is that it is going to stimulate more retail demand downtown, which will increase the number of retailers that want to be downtown, which will diversify the potential group that we can pick from. At this point I can't give you real specifics other than generally what the approach would be.

Alderman Shea stated I am looking at an aerial view of the Prudential Center and having gone there, there are various shops plus obviously right outside you can get the duck ride, which is very popular. Do you envision any kind of a relationship in terms of those two components here?

Mr. Dacey asked components such as other activities other than just the retail shops.

Alderman Shea replied yes.

Mr. Dacey stated I think we have definitely given some thought to what else can we do to make this an attractive location and it is not just the retail but it is the services that are provided inside the building. We will be looking at a health club and maybe a health club that services the tenants but is also open to the public. Again, we are not certain that that will work but that is the kind of thing we are looking at and we are also looking at how we can connect to the community, whether it is shuttle services or the transportation line so people will want to live downtown and take advantage of what is around them. We will explore every opportunity we can to make it an attractive environment.

Alderman Shea asked, Bill, what do we anticipate as far as a tax base here in terms of the first building and then the second.

Mr. Jabjiniak answered I think the developer has met with the Assessors and it is hard to pin down numbers now but they took a hard look at the Wall Street Towers building. That has 150 units and it has parking. The first building has 161 units and will have surface parking. I think that generates annually about \$150,000. There are different features that go with this site. They may not be included with that site. If you build both towers and a parking garage I think you are going to realize a substantial amount of money on an annual basis pretty quickly.

Alderman Shea stated if we want to build up the downtown then you have to have people in the downtown and you have to make sure that it is a viable place.

Alderman Garrity stated I have a two-part question that has to do with financing. What is the liability to the property tax payer in two ways – one for the towers and one for the garage? I am not talking about...I see HUD Section 108. I am talking about liability to the City's property tax payers. Are there any ballpark figures?

Mr. Dacey replied I don't think we have determined what level of funding we are going to be looking at. I think certainly if you look at some of the HUD sources it doesn't have a direct impact to the local taxpayer. We have not been able to finalize some of the other options that may be out here at this point. Again, this is just going to be an option for this developer to take if off the table and work with us to try to work out those details over the next 90 days.

Alderman Garrity asked when can we expect those numbers as the process moves forward.

Mr. Dacey answered within 90 days.

Alderman Wihby stated to get to what Jay said earlier, if someone has concerns about this project they should put them on the table today. You know my concerns. My concern is that we sit here and are looking at a project that says \$55 million and two buildings and a parking garage and everything else and in 90 days we ask for a continuance of two weeks and then

we ask for a continuance of a month and then we ask for two more months. In the meantime, it is sitting there and no one is coming forward being able to come in with a second opinion or second chance of buying the property or looking at it. Then say we go ahead and do the project. I want some assurances that if a second phase doesn't come back that there is something there that the City gets out of it. If this project was to go forward today, if you were sitting here saying you want to do this I have no problems. It is yours and you go ahead and building. My concern is if the second phase doesn't come through and all of the things we are talking about just don't happen. I would like to see something in there when you come back to us in 90 days that guarantees that as we talked about in the last project that came forward over a number of years that the City is getting something if only one phase goes through.

Mr. Fradette stated we know and the City has been very clear with us in our discussions that there has to be a clear end gain whether the second phase is built or there is some problem how does the City get back into that or get the land and how can the City be assured that the maximum value is created. In the 90 days we have to deal with that issue. Another question is and I guess help me with this, I want to support this but I want to know why we just don't let you go ahead and continue what you are doing, keep it on the market because my understanding is that there is another company out there that wants to look at this. What we are doing is telling them to stop and not look at it any more until we finish 90 days worth of work. Why can't we just continue what we are doing talking to both people and let the market decide what the price is and what is going to go there.

Mr. Fradette replied I can't comment on competition but I can tell you that this isn't any different than buying a house. You come in and in our case in effect we are making an offer but the offer is that we are going to continue to spend money and do the analysis that needs to be done. It is a very complicated project. It doesn't make a lot of sense for us to go and invest a lot more money when it is not clear that we have any claim on the project. We have already done that up to this point and taken this risk.

Alderman Wihby responded I can see from your point of view that it doesn't make any sense. I just want to hear from our point of view so that I can make my decision better or to know why I should be voting for this why this makes sense for the City.

Mr. Fradette stated let me try. Nobody has been beating down a path and knocking over doors to get this property. It has been a gem, a true asset that we envision being built out properly. What this developer has done is invested a considerable amount of time and effort and expertise in bringing forth a conceptual. Now they are saying we are going to be spending a lot more time and money to bring the conceptual to a point where we are going to be able to decide whether we can do it or not do it. Initially they said give us until August. Well, that is too long. If you can't do it then I want to know well before August so that I can put it back on the market and get it sold and do it within a period of time so that if you can't

come to the conclusion that this is a viable project or a viable development we can still capture the selling market. By May 1, we would have a very good idea or these folks should have a very good idea of what they are willing to pay for that property and what they are going to be able to put on that property and they are going to come forward and say this is what we are willing to pay. I would expect just from our perspective, from the City's perspective, that we will know very early on that this is a go or it is not a go. If it is not a go then we have their work product valued at what the Grossman's...for instance we ended up with Grossman's work product and many entities have benefited from that work product. It is in the City's best interest to make sure it is limited, give them a period of exclusivity and if they can't make it fly then we get it right back on the market. There is another entity that has expressed an interest but there has not been any credible proposal or credible party that has come forward the way this team has come forward.

Alderman Wihby asked so you don't see the City hurting themselves waiting 90 days and the other person goes away I assume.

Mr. Fradette answered I would expect that if that other entity is genuinely interested and credible and capable they are still working.

Alderman Wihby asked so we don't necessarily lose...if we go ahead and hold this for 90 days they won't go away. You think they are still going to be there?

Mr. Fradette answered the way I would view it is this is one in hand and I don't even necessarily view it as in hand. This is a development team that has come forward and said we think we can do this but we need 90 days to run the flag up the pole. The MDC entertained the question and it was our judgement, collective judgement, that as long as that period of time was not unnecessarily long and it didn't take the property off the market...getting an idea by May 1 or a purchase price by May 1 as to whether this development is going to fly or have legs gives us a lot of opportunity to simply turn around and capitalize on the property if these people can't make it happen.

Alderman Wihby asked so on May 1 they ask for 30 more days.

Mr. Fradette answered that is a reasonable question. My sense is May 1 they come in and they say well we need 90 more days or 30 more days or 180 more days and we will deal with that. Certainly we are not obligated to say you have another 90 days or another 30 days. If that entity that might be interested is in the wings and they are doing their homework and these people come forward and say I need another 30 days and somebody is standing there ready, willing and able, there is no more 30 days. We will deal with that on May 1 in the event that these folks aren't able to perform.

Alderman Wihby stated you understand where I am coming from. When we had the other project it was six months and we didn't get anything out of this after six months. They ended up making money on the deal somehow. In this case 90 days seems reasonable. I don't have any problem with 90 days. I guess my concern is if 90 days becomes another 90 days which becomes another 90 days and then all of the sudden the other company is gone.

Mr. Fradette replied I can say that the MDC and the Bridge and Elm sub-committee is very anxious to get a respectable development done there so we will keep them to their due diligence.

Alderman Wihby asked as far as parking...

Mr. Fradette interjected Jay wanted to make a comment.

Mr. Taylor stated the Letter of Intent also indicates that if any of these dates...these are outside dates that are listed and if any of those dates are breached for any reasons we can call the whole process to a halt. Now clearly if there is going to be an extension granted here it has to come back here. MDC can't unilaterally grant anyone an extension. It will have to come back to the Board and then it will be a judgement call on your part as to whether or not you want to do that.

Alderman Wihby replied I guess I would have felt more comfortable building in 90 days and saying if you need another 30 days it is going to cost you this and this rather than coming back in 90 days and saying well we are almost there but we need another 90 days and all of the sudden it is tied up for 180 days without a cent to the City and the other developers just leave.

Mr. Taylor responded I understand what you are saying and I know that was your concern on the Grossman project and we tried to tighten that up some. This is a similar issue and I think these gentleman are aware that they are on a fairly tight string here and that we are not going to go on for an indeterminate amount of time keeping this property off the market because that was one of our issues in the very early discussions. Your point is noted and we will try to keep them honest here.

Alderman Wihby asked the final question is the neighbors on Kidder Street, are they going to have any meetings with them and offer any parking for them to get off the street.

Mr. Taylor answered the developers and I met with the Board of Directors of Amoskeag Terrace Condo Association last week and there is a meeting with the entire ownership group tomorrow night I believe and they are going to go through this very similar presentation. There will be time for questions and answers and I think there is some grounds or basis for

dialogue between the two organizations to do something that might be exclusively beneficial to both parties.

Alderman Wihby asked so they already know about some of the concerns already.

Mr. Taylor answered yes.

Alderman O'Neil stated I want to thank the gentlemen for their interest in the City of Manchester. I, too, like Alderman Wihby have concerns about extensions and caution them to get as much work as they can done in the next 90 days. I guess I just want to be clear on dates here. I see dates of May 1 and May 15 but we talk about 90 days. That actually pushes it out 120 days if this is voted on tonight, correct?

Mr. Fradette stated the 90 days is for the purchase price. Now the June date is for the execution of what we would anticipate is the execution of a purchase and sale agreement. What we envisioned was the litmus test to this agreement may very well be the purchase price but how we arrive at that purchase price...you know there are a whole bunch of things that go into that and we didn't want to be in your budget season at that point in time when we were here talking to you about is this an acceptable purchase price.

Alderman O'Neil stated my question is tonight is January 8. Is 90 days April 8 for them to come back with completion of their due diligence. Jay is shaking his head yes?

Mr. Fradette replied yes.

Alderman O'Neil stated it says or May 15.

Mr. Fradette replied it is the earlier date.

Alderman O'Neil asked so it is, in fact, April 8 if it is approved tonight.

Mr. Fradette answered if it is approved tonight it accelerates that window of time.

Alderman Guinta stated thank you very much for coming and presenting this program to us tonight. The question I do have is regarding the parking deck. During the next 90 days will you be putting together a more comprehensive plan as to how many specific parking spaces will be in that portion of the facility.

Mr. Dacey replied yes we will.

Alderman Guinta asked can I assume that if the number is closer to the 375 than the 622 that the parking structure will change in size.

Mr. Dacey answered yes.

Alderman Guinta asked so the largest of the parking structure is what you have presented today.

Mr. Dacey responded that is right.

Alderman Guinta asked it will not be larger than the six decks.

Mr. Dacey answered no.

Alderman Guinta asked what would be the smallest it could be at the 375 number.

Mr. Dacey answered three levels. One below and three above.

Mr. Middleton stated that would be in the order of actually two full levels above grade of parking but it would read as two plus and one level down below but that will be determined on the market study and discussions with Amoskeag Place and the City as to what the needs analysis really is.

Mr. Jabjiniak stated I think it is also important that the Planning Board is going to have a lot to say about the number of parking spaces required for this development.

Alderman Guinta stated someone had mentioned the figure 1.25 to 1.5 parking spaces per unit. If my math is correct, those numbers come out to a little bit higher than the 375. At 1.25 it would be 389.

Mr. Dacey replied it was 1.2 and 1.5.

Alderman Guinta asked so the range is 1.2 to 1.5. So the 1.5 would be 466 parking spaces?

Mr. Dacey answered yes.

Alderman Guinta asked has there been a comprehensive study regarding the traffic flow specific to Kidder Street or would that be completed during the 90 days.

Mr. Dacey replied our goal is to get that done in the 90 days because we know that is an important issue to everyone.

Alderman Thibault stated I certainly want to commend this group again for being here in Manchester and making this proposal and I certainly share Alderman Wihby's comments and

Alderman O'Neil's comments on the extended process that could evolve from this. The one thing I would like to caution this Board on is having looked at some of this on the GMDC Board and hearing about it tonight you have to understand that these people have put in an awful lot of time and money into this process already and I would hope that this Board would trust our staff to see to it, with all the comments that have been brought up here tonight, to trust our staff. They know what our comments are and what our true sense is and I believe that our staff is capable of taking care of this and bringing it to fruition. I just hope that this Board will agree that this is a great proposal for this City and that we will go along with this tonight.

Alderman Gatsas stated again I want to thank you for coming forward with this project. When somebody compares a \$55 million deal to purchasing a residential home it sounds like it should be a lot easier than a two-year period of waiting to find out whether we are going to be financed. I think Alderman O'Neil has probably brought up the most important issue and that is the timeline. I look at your timeline and it says that we must negotiate a purchase and sale agreement by May 1. It then says once we have entered into a purchase and sale agreement by June 15 you then have the ability to wait for site approval until December 15, 2002. You then also have the ability to wait until December 15, 2003 to make sure your financing package is in place with your approval. If that financing package is not to what you want then you have basically tied up the property not for 90 days, not for 180 days, not for 365 days but for almost two years because at that point I don't see anything in here that talks about...other than on the front page that you may be at risk for some funds but I don't know if that means that you don't get a financing package put together. If somebody can address those questions and tell me why I should look at a two year deal...

Mr. Fradette stated the dates that you have in there beyond the 90 day period of exclusivity are really what we as the Bridge and Elm Street Committee asked the developer to put in there. They are more along the lines of what do you envision, what do you expect, what is your timeline. Now when it comes time to negotiate a purchase and sale agreement, which is the outside date of June 15, and that is what I envision as the true period of...well actually it is May 15...

Alderman Gatsas interjected no you are correct it is June 15.

Mr. Fradette stated that is right. May 1 is the purchase price and June 15 is the purchase and sale agreement. We will know and that is why I made reference to this purchase price, the purchase price is going to be very critical and we will know that by May 1. By June 15 if we have...assume for a moment that we have agreed on a purchase price by May 1 then the next step is to negotiate a purchase and sale agreement. That is in my mind and I speak for the Committee, that is the period of time that we will be able to negotiate a purchase and sale agreement. Now if we have not gotten a purchase and sale agreement...actually the property can be back on the market as of May 1 if we have not got a purchase price. It can be back on

the market, assume that we have a purchase price, we then negotiate the details of a purchase and sale agreement and assuming we are unable to get the purchase and sale agreement it is back on the property at the latest June 15.

Alderman Gatsas asked isn't it the intent of your board and obviously for this Board to look at a Letter of Intent that should only talk about the first 90 days and a purchase and sale and not have dates of December 15, 2003. My feeling is from a legal point of view if we are putting these dates into a Letter of Intent they certainly are going to be guidelines in your purchase and sale agreement.

Mr. Fradette answered well guidelines...I have no problem with that term but any time an outside deadline is not met...

Alderman Gatsas interjected why would we talk about outside deadlines in a Letter of Intent to negotiate a purchase and sales price.

Mr. Fradette replied I guess the question that I would put to you is why not. There is absolutely no downside to having these gentlemen or this team say this is what we set as our goals. The City of Manchester may, in fact, endorse these goals in the purchase and sale agreement but in this Letter of Intent we are simply saying that what we are committing the City to if this Board agrees is a period of exclusivity with a purchase price by May 1 and a purchase and sale agreement at the latest by June 15 with the possibility of those dates being much earlier.

Alderman Gatsas asked are you ready for my answer. You are still negotiating a Letter of Intent with a date of December of 2003 in here. If the Mayor signs this letter, for all intents and purposes, he has tied the Board up to something in that purchase and sale agreement that would be a 2003 date.

Mr. Fradette asked show me.

Alderman Gatsas answered it says it right here. It says approval period to be completed by...developer and the City with...receipt of all other governmental approvals and satisfaction of all financing conditions by earlier of 360 days from site plan approval or December 15, 2003.

Mr. Fradette stated on Page 5, termination of Letter of Intent, it states that the Letter of Intent shall terminate upon any outside deadline not being met. An outside deadline...

Alderman Gatsas interjected but let us understand this. The Letter of Intent is going to end once the purchase and sale agreement is entered into.

Mr. Fradette stated I think it is fairly simple in that if a deadline is not met, the Letter of Intent is dead and the property goes back on the market. A purchase price must be agreed upon no later than May 1. If we have not been able to negotiate a purchase price, this Letter of Intent is dead.

Alderman Gatsas responded let me try and make it a little clearer for you. My intent would be to make a recommendation that we eliminate line five and line six, line seven and line eight in the Letter of Intent because none of those are dates that are specific enough for us to go forward with.

Mr. Fradette asked are you stating on page 6.

Alderman Gatsas answered correct.

Mr. Fradette asked you want to delete lines five, six, seven and eight.

Alderman Gatsas answered correct.

Mr. Fradette stated if you would like to...I don't know what level of negotiation can happen with this...I am not sufficiently familiar with it but I would say to you that having it in or out, assuming that we are not able to agree to a purchase price or agree to a purchase and sale agreement makes no difference. It makes no difference. You are viewing five, six, seven and eight as somehow legally binding and actually I should probably have done this sooner but I have two points. It has been reviewed by MDC's counsel and their opinion is that it is not binding other than for the period of exclusivity and I believe the City Solicitor has reviewed it and I don't know that he is prepared to opine on it but certainly if he differs with my opinion he could certainly say so. I just look at five, six, seven and eight as goals. Nobody is going to sue the City of Manchester if we are not able to arrive at a purchase and sale agreement and say you are obligated to go to paragraph seven and conduct the final closing because that is illogical.

Solicitor Clark stated in my opinion the critical issues in the Letter of Intent are the negotiation of the purchase price and the negotiation of the purchase and sale agreement. Anything after that point will be covered in the purchase and sale agreement and is really not necessary to be in the Letter of Intent. I wouldn't eliminate section five which talks about the deadline for the negotiation of a purchase and sale agreement but I do believe that once a purchase and sale agreement is negotiated between the parties it will cover the other terms and they are really not necessary to be in the Letter of Intent.

Mayor Baines asked Mr. Fradette if he would like a five-minute recess to talk about the Letter of Intent.

Mr. Fradette stated certainly Mayor and members of the Board if it becomes critical as to whether or not this Board is going to endorse the Letter of Intent, I would like an opportunity to talk it over. Maybe Jay or the developers would like a chance to respond as well. If it is your sense that this becomes critical, then certainly...

Mayor Baines interjected my sense at this time is that some concerns have been expressed by one Alderman. I am not sure how the rest of the Board feels about that.

Mr. Taylor stated I was going to give you a legal opinion, which is probably worth the paper it is written on but in my mind items six, seven and eight in the Letter of Intent are subject to negotiation in the purchase and sale agreement so to the extent that they are there does not bind the City or MDC or the developer for that matter to anything. I assume you are saying you want them removed. I suppose that is one way. Leaving them in there in my mind is not a risk either. I guess it works either way for me.

Alderman O'Neil stated so that we can bring some closure to this tonight, if it is not an issue then why is it in there.

Mr. Dacey stated if it is important that you would like to take those out for this evenings purpose that is fine with us because we are going to have to negotiate the details of all of this anyway. These dates or other dates have to be dealt with in the final purchase and sale agreement which comes back here. If I could, let me make a comment. I don't think the City and MDC is getting enough credit for how much they beat on us to change the process. I have never been in a real estate deal where we are doing due diligence before we have a purchase and sale agreement. What I am used to is you do an offer, you then negotiate a purchase and sale agreement and then the buyer or developer has 90 days or 120 days or whatever it is to do the work that we are saying we are going to do and at the end of that we then say we are ready to go and it continues going. Here, you have asked us to go out, do the work and do the studies and then come back and we have no commitment from you that even if we do all of that work and it is fine that the purchase and sale agreement will be agreed to. The City went out of there way and the MDC did to change this process and specifically came back and said no we want you to do the due diligence up front because of this concern of deadlines that has come up in the past. We didn't like agreeing to that but we did agree to that because we believe in the project and we believe we can get it done. I can't give you an iron clad guarantee that we are going to get every single thing done in those 90 days but we are sure as heck going to try and we think we can. I would say that you already have a process that is a pretty unusual one and it is not binding the City and it is asking us to do an awful lot. Back to these deadlines, these are an issue. They have to be in the purchase and sale agreement when we come back. Whether they are here in this document or they are in the next document we get and whether it is those particular dates, we still need to negotiate that. To us...I am just saying that we don't need to adjourn.

Mayor Baines asked Solicitor Clark if he has a problem removing items six, seven and eight.

Solicitor Clark answered no. Legally they are going to have to be negotiated and be part of the purchase and sale agreement.

Mayor Baines asked well if we can get everyone to agree to remove items six, seven and eight we can do that. Is that okay, Mr. Fradette?

Mr. Fradette answered that is fine and thank you Alderman Gatsas and Mayor. If the developers are willing to, we certainly will go along with that.

Alderman Shea asked if you have a Letter of Intent and then you sign later on a purchase and sale agreement doesn't one cancel out the other in terms of a legal matter. In other words once you sign that purchase and sale agreement isn't the Letter of Intent non-binding and it becomes non-secretor.

Mr. Fradette answered it is consumed into the purchase and sale agreement.

Alderman Shea asked did you say that you include that in it or you exclude it.

Mr. Fradette answered the Letter of Intent is consumed or incorporated into the purchase and sale agreement. It is extinguished. I just stood up here and said that we could strike items six, seven and eight because the developer agreed to do it and it occurs to me that I don't speak unilaterally. I think there are 12 members on the board and they have approved the Letter of Intent as drafted. I would not expect any difficulty if we were to amend to delete items six, seven and eight but I take back...I can't represent to you singularly that the MDC would in fact approve the Letter of Intent. I wouldn't expect that they would not approve it but...

Mr. Taylor interjected that is a technicality that we have to deal with, however, fortunately the MDC Board meets Friday morning of this week and we can deal with that. It is not a huge issue.

Alderman Osborne stated I have a couple of easy questions. I would like to know what the appraised value is now on that piece of property.

Mr. Taylor replied the appraisal that the MDC had accomplished probably two years ago or so came in at \$1.350 million. My understanding is that the City assessment on the property based on the recent revaluation is \$572,000.

Alderman Osborne asked is there any selling price now in the works.

Mr. Taylor answered no that is to be negotiated as part of the next step in the purchase and sale agreement, which will come back to this Board for approval.

Alderman Gatsas asked, Bill, what is the parking ratio at Wall Street Towers.

Mr. Jabjiniak answered I am not sure at this time.

Alderman Gatsas asked Jay do you know.

Mr. Taylor answered I am not very good with math. I can give you the numbers and you can do the math. There are 151 units and 574 spaces I believe.

Alderman Gatsas stated so that is about three spaces for every apartment.

Mr. Taylor stated keep in mind, however, that 400 of those spaces are leased to the City with a sub-lease to abutters. Citizen's Bank has 150 spaces and I believe the partnership that owns Wall Street II, the building north of BankEast has 130 spaces so those are leased from outside the building.

Alderman Gatsas replied so that is 280.

Mr. Taylor stated and the City has 120 public spaces. So 400 of the 575 are leased, not to tenants in the building but to outsiders. It sounds to me like we are talking one to one here in apartments to spaces.

Alderman Gatsas asked what is the rental there.

Mr. Taylor asked for the apartments. I think it runs anywhere \$900 to \$1,100.

Mr. Ashooh stated it is \$950 to \$1,400 and there are two spaces per unit available.

Mr. Taylor stated they are probably using some of the spaces in the evening for units and during the day they are leasing them out.

Alderman Gatsas stated back to the body of the Letter of Intent, on Page 3 at the top it says "purchase and sale agreement requirements." If I go to Page 4 and it says "Tower I and Tower II alternatives", Bill can you explain that part of the Letter of Intent to me please?

Mr. Jabjiniak replied what we are looking at is exploring a variety of funding sources. He has identified two specifics, which is the HUD Section 108 program, which I think you are familiar with and the other one is the Fannie Mae American Communities Fund Loan

Program. Fannie Mae does some direct lending to the developers or we can use our good faith and credit, which this Board or the previous Board has authorized us to apply for. Then they want us to investigate any other programs that may be available for that.

Alderman Gatsas asked so the \$6 million you are applying for would be funds that would come directly to the City.

Mr. Jabjiniak answered it could be coming directly to the City or directly to the developer.

Alderman Gatsas asked would those be non-recourse loans.

Mr. Jabjiniak answered that would be determined by the funding source itself.

Alderman Gatsas stated maybe the City Solicitor can help me with this. The terms in this Letter of Intent where it says the purchase and sale agreement requirements, would I be misunderstanding this Letter of Intent that all of the things that we are talking about really are over and above the sales price of the project and would be incorporated in the purchase and sale agreement that we are agreeing to?

Solicitor Clark replied I am not sure that I understand your question.

Alderman Gatsas stated in other words from what my understanding is, the dates that we are looking at is a May 1 date or a May 15 date and all we are looking for there Tom is basically to agree to a sales price. Once we have agreed to that sales price, it is then this Board's obligation to enter into a purchase and sale agreement if the Board accepts the sales price.

Solicitor Clark replied no. This Board is not obligated to enter into a purchase and sale agreement until they have received a negotiated purchase price and decide if they want to use it.

Alderman Gatsas stated I am saying that the articles on Pages 3, 4 and 5, at the top of Page 3 where it says "purchase and sale agreement requirements" are those not things that we are obligated to once that purchase and sale agreement comes to us because we have agreed to them in the Letter of Intent.

Solicitor Clark replied no. This Board is not committing itself to any terms of the purchase and sale agreement under the Letter of Intent legally. My reading of what this spells out are anticipated requirements to be negotiated into the purchase and sale agreement. The purchase and sale agreement terms will control it.

Alderman Gatsas asked so at no time if this Board does not agree to find funding of \$6 million would that be construed as not following the Letter of Intent.

Solicitor Clark answered no. This Board has final say when the purchase and sale agreement comes back to it.

Alderman DeVries stated I do believe that Alderman Gatsas did cover some of my questions, which were specific to the HUD Section 108 loans as well as the Fannie Mae loans. Could you elaborate for me in using those loans, the \$6 million designated, will that be in conflict with any other applications, specifically low-income housing or any other projects that will be forthcoming within the City? Will we be taking from another fund?

Mr. Jabjiniak replied I think each project has to stand on its own merits. The American Communities Funds from Fannie Mae is for housing. The Section 108 program can be used for economic development, which is what our program is designed for but you can also use the HUD funds for housing. HUD also has additional funds that are available for housing purposes. It depends on each project and the merits of each project and what sources may be available. There may be another program that we may want to apply for specifically for this location.

Alderman DeVries asked would the use of the \$6 million deplete the funds that might be available to the City of Manchester or do you estimate that with each project standing on its own two legs we could get unlimited funds.

Mr. Jabjiniak answered the Section 108 program is limited to \$11 million and we have already spent approximately \$4.5 million. We are in the process of applying for the balance or roughly \$6 million. The Fannie Mae money we are authorized to apply for a \$5 million line of credit.

Alderman DeVries asked is that in a calendar year, the \$11 million.

Mr. Jabjiniak answered no that is one time.

Mayor Baines stated it does potentially impact the project as the City establishes priorities.

Alderman Smith stated I commend you for making your presentation here tonight. I have a couple of concerns that I addressed when I met with you previously. One is that when you do come back to us you come back with concrete facts. I think there is a lot missing right now especially with regards to finances on both your part and our part. I would like to address, because it just happens to be in my ward, that I would hate to see another Carisbrook happen so if you are going to do a phase you finish one phase and then move on to the next phase.

Alderman Thibault moved to accept the Letter of Intent, removing items six, seven and eight.
Alderman Wihby duly seconded the motion.

Mayor Baines called for a vote. The motion carried with Alderman Gatsas being duly recorded as abstaining.

Alderman Smith moved to recess the meeting to meet with legal counsel. Alderman Shea duly seconded the motion.

Alderman Wihby asked are we going to come back out for a vote.

Mayor Baines answered no.

Alderman Wihby stated I have another subject that would just take two minutes. I know it is a special meeting and it would take unanimous consent. My concern is that in the newspaper again there is another advertisement for a Human Resources Benefits Administrator for the School Department, which the City just voted on and said that we wanted to look into making it a department and we said that we wanted to look into working with the School Department to consolidate Finance, HR and Solicitor's Office. Here is another position that is opening up. If we don't start now...I mean this doesn't take effect until July 1 but if we don't start now sitting down and talking with them we are going to have some concerns on July 1. Instead of waiting another week for the next meeting, I would like this Board to go along with a motion to let the Chairman of the Board, Alderman O'Neil, set-up a sub-committee of three Aldermen and three School Board members to work on the consolidation.

Mayor Baines asked for unanimous consent from the Board to allow Alderman Wihby to present this at the meeting. There were no objections.

Alderman Lopez asked the Mayor if he was willing to appoint three School Board members.

Mayor Baines answered I would consult with the Chairman of the Board.

Alderman Wihby stated the Chairman would pick the committee members and the Mayor would have to get involved when we get into the School side.

Alderman Wihby moved to set-up a sub-committee to be chosen by Alderman O'Neil consisting of three Aldermen and three School Board members to look into working together and making the consolidation a reality. Alderman Shea duly seconded the motion.

Mayor Baines stated before you vote just so you understand we are in the process of setting up a regular meeting schedule for myself, Alderman O'Neil and members of the School Board. We are going to be meeting on a bi-weekly basis. Alderman O'Neil and I will be

meeting on a weekly basis but we will involve representatives from the School Board every other week to try to open up the channels of communication and keep moving forward in the right direction.

Mayor Baines called for a vote. There being none opposed, the motion carried.

On motion of Alderman Smith, duly seconded by Alderman Shea, it was voted to recess the meeting to meet with legal counsel.

There being no further business, on motion of Alderman Wihby duly seconded by Alderman Shea it was voted to adjourn.

A True Record. Attest.

City Clerk